



Daiwa House[®]
Group

4th Medium-Term Management Plan

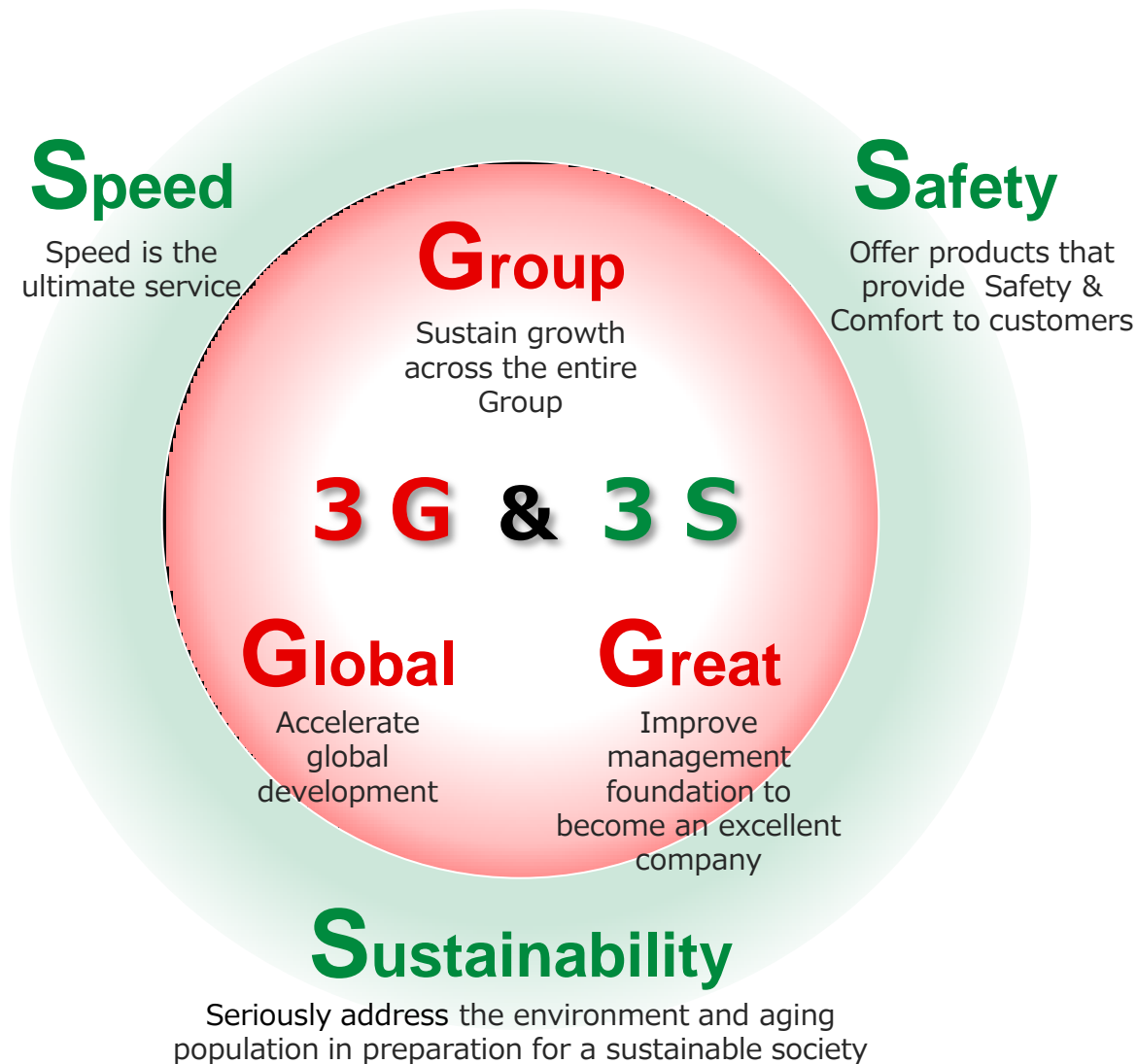
(Fiscal 2013 – Fiscal 2015)

“3G & 3S” for the Next Step
A Giant Leap to our 60th Anniversary

Environmental Perception and Issues to be Addressed.....	2
Themes and Final Year Performance Goals of the 4th Medium-Term Management Plan	4
4th Medium-Term Management Plan Basic Policies.....	5
Planned Investment.....	16
Business Forecast by Segment.....	18
Core Business Strategy.....	21

Preparing for our 60th Anniversary

Together with our **3G** strategy, which has brought us growth, and our basic **3S** approach based upon which we implement that strategy, we will ensure growth into the future



Political and economic environment

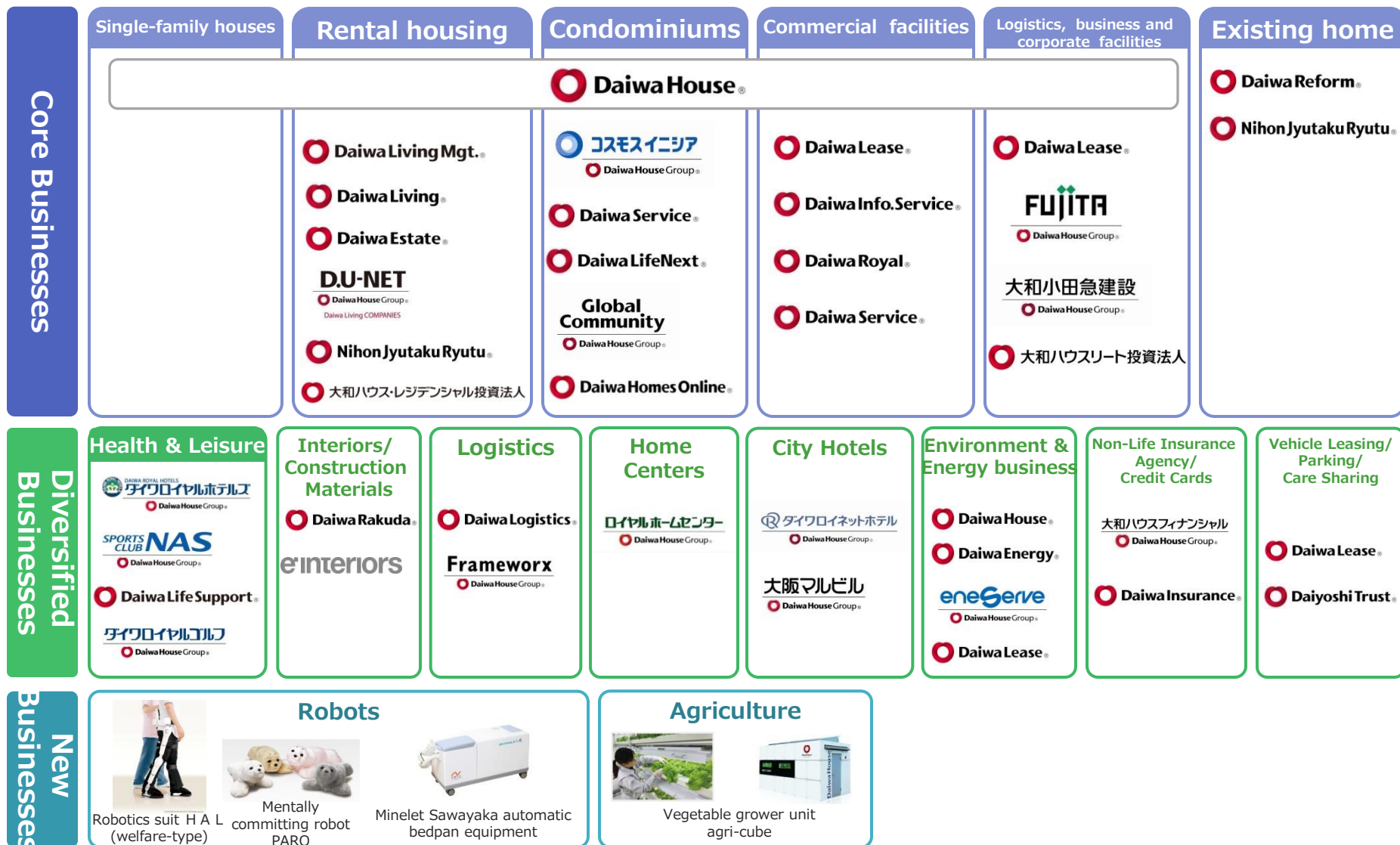
- In the domestic economy, the consumption tax increase will be phased in gradually beginning in 2014
If the series of associated economic policies are successful, then economic recovery and financial reform will progress
- In Japan, rising demand for infrastructure for the Tokyo Olympics and Paralympics and economic ripple effects are expected
- Economies of emerging countries are becoming increasingly borderless due to greater economic collaboration including ASEAN economic integration

Social environment

- In demographic terms, while the age of baby boomers will be 65 and older in 2015, in regional terms, the population of the Tokyo area will increase to 2015
- Total number of households will peak in 2019, but the number of single households in both urban areas and outlying regions will increase to 2030
- Awareness of safety, comfort, and environment will continue to increase

- Deal with each business domain while assessing changes in market conditions caused by tax increases and economic policies
- Respond to changes in consumption behavior caused by single household and aging population growth
- Respond to sharp rise in demand by creating a foundation for business expansion in emerging countries

Growth Utilizing Diverse Earnings Drivers



Themes and Final Year Performance Goals of the 4th Medium-Term Management Plan

1st Medium-Term Management Plan

Period of market recovery and stability
Strengthen partnerships within Group

2nd Medium-Term Management Plan

Economy deteriorates, market slumps
Focus on efficiency

3rd Medium-Term Management Plan

Structural changes in market in Japan
Develop new customer segments

4th Medium-Term Management Plan

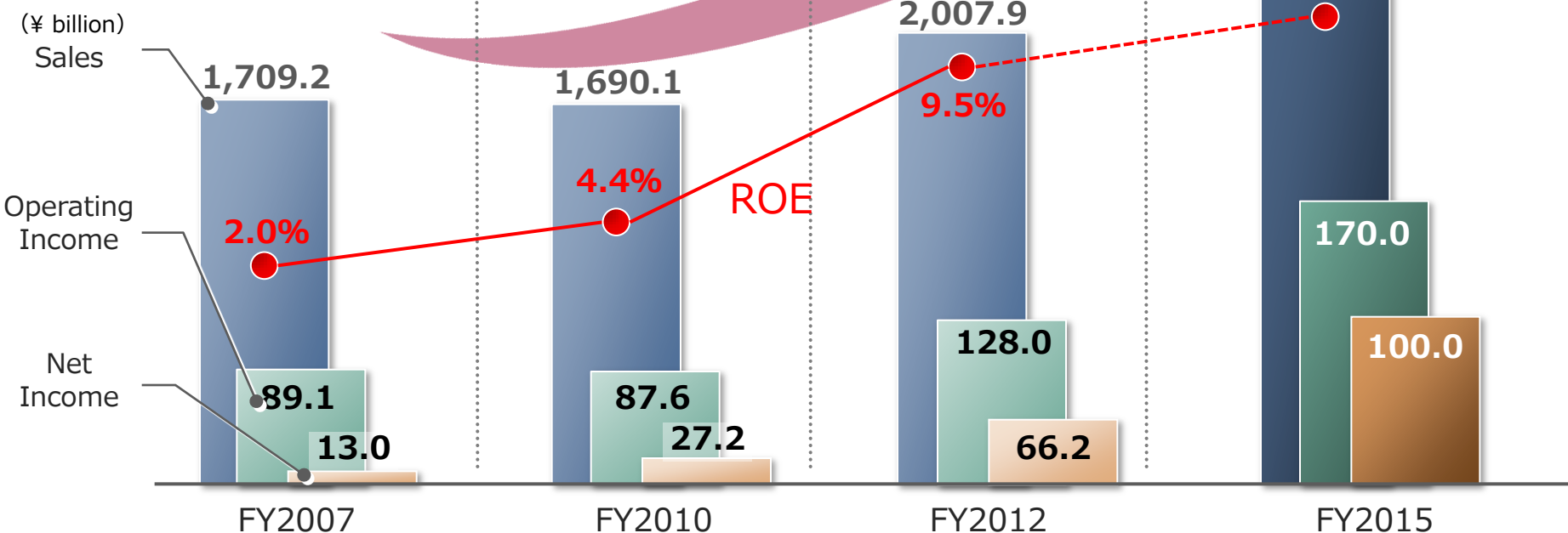
Market volatility caused by tax increases and economic measures
Growth utilizing diverse earnings drivers

Expand sales

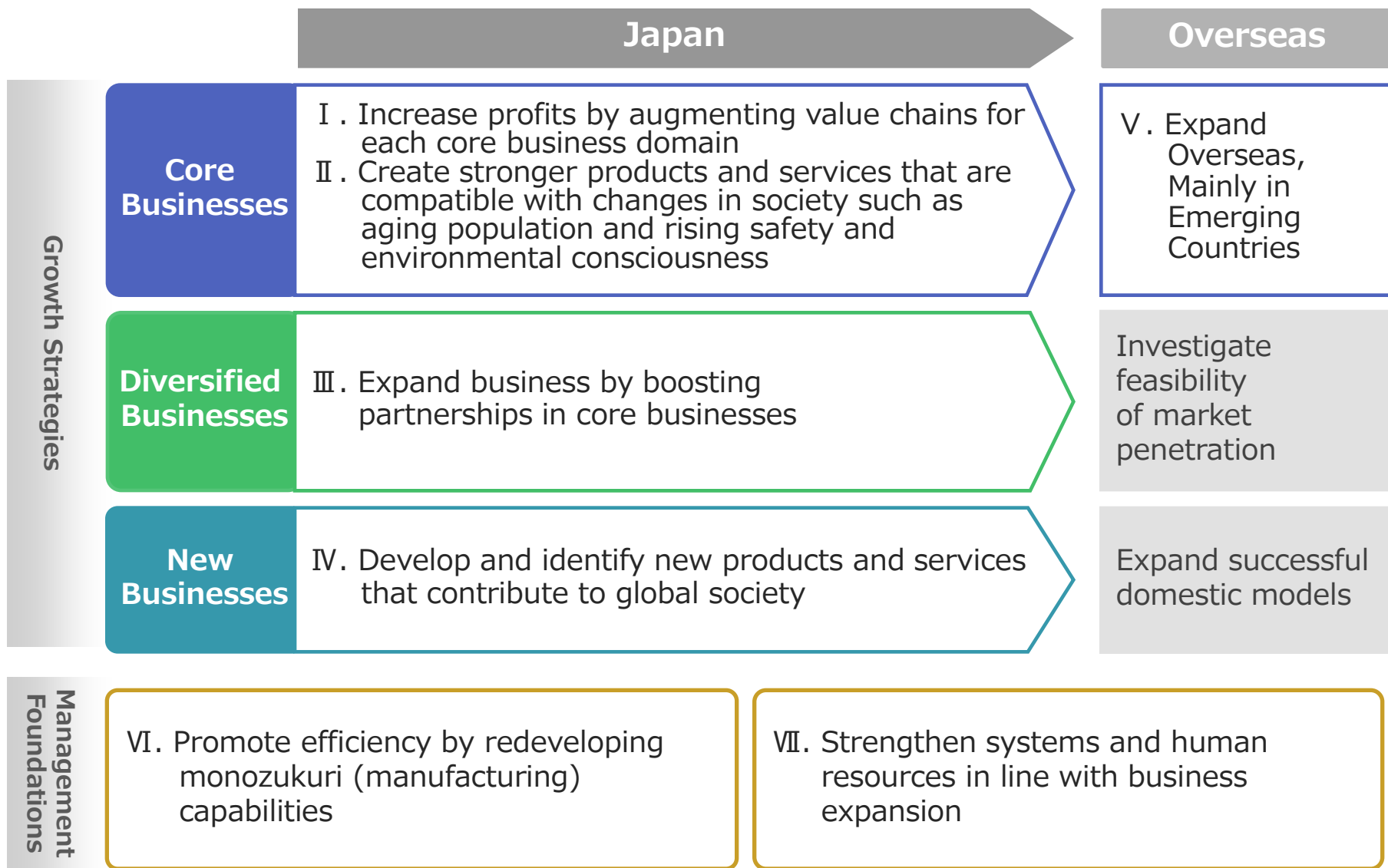
Improve profit structure

Achieve new growth

Accelerate growth

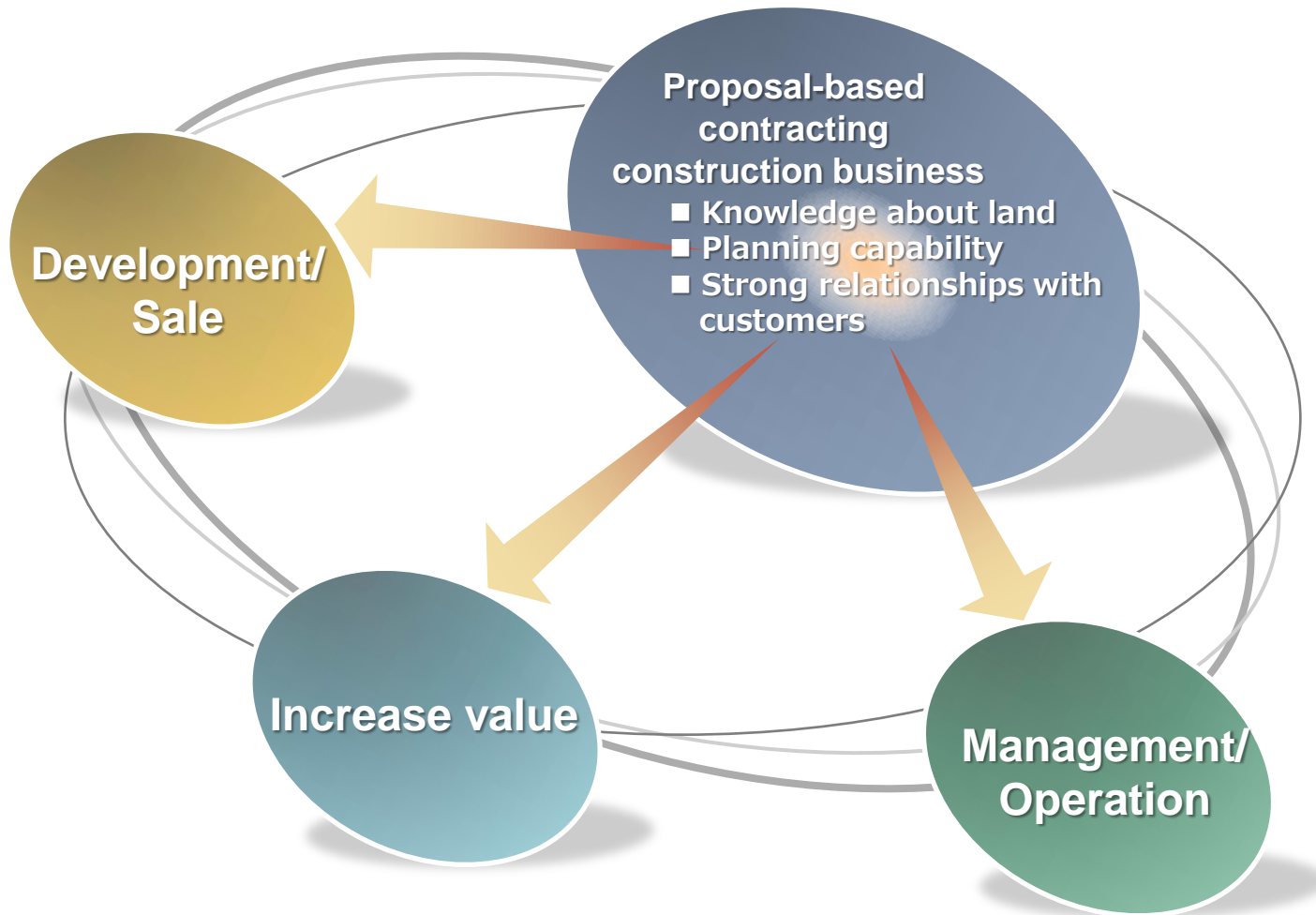


4th Medium-Term Management Plan Basic Policies



I . Increase Profits by Augmenting Value Chains for Each Core Business Domain

Expand upstream to downstream in each business by leveraging our advantages of extensive **land information, planning capability, and strong relationships with customers** developed in the **proposal-based** contracting construction business.

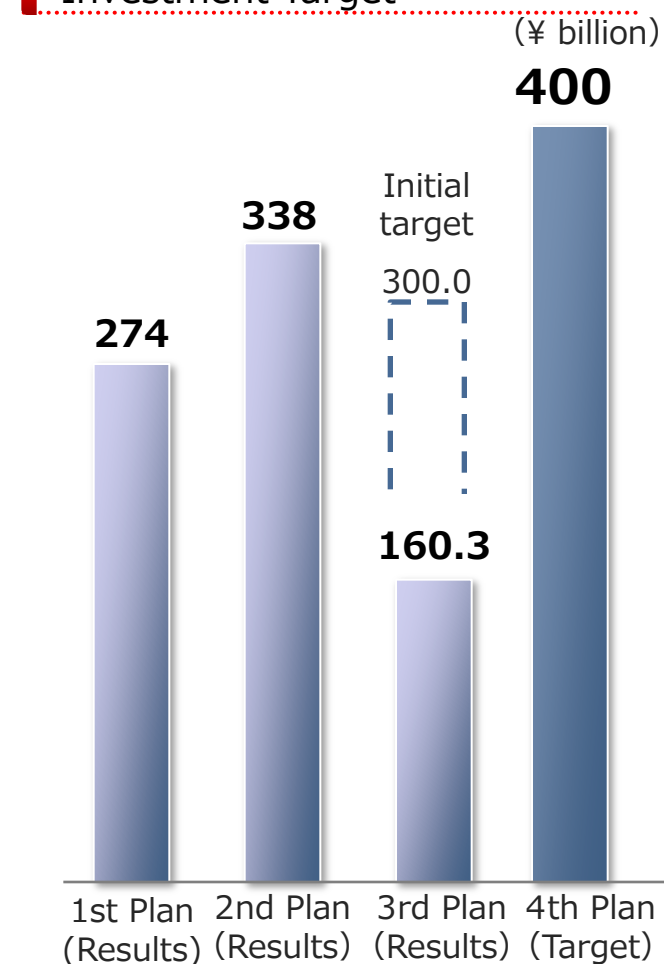
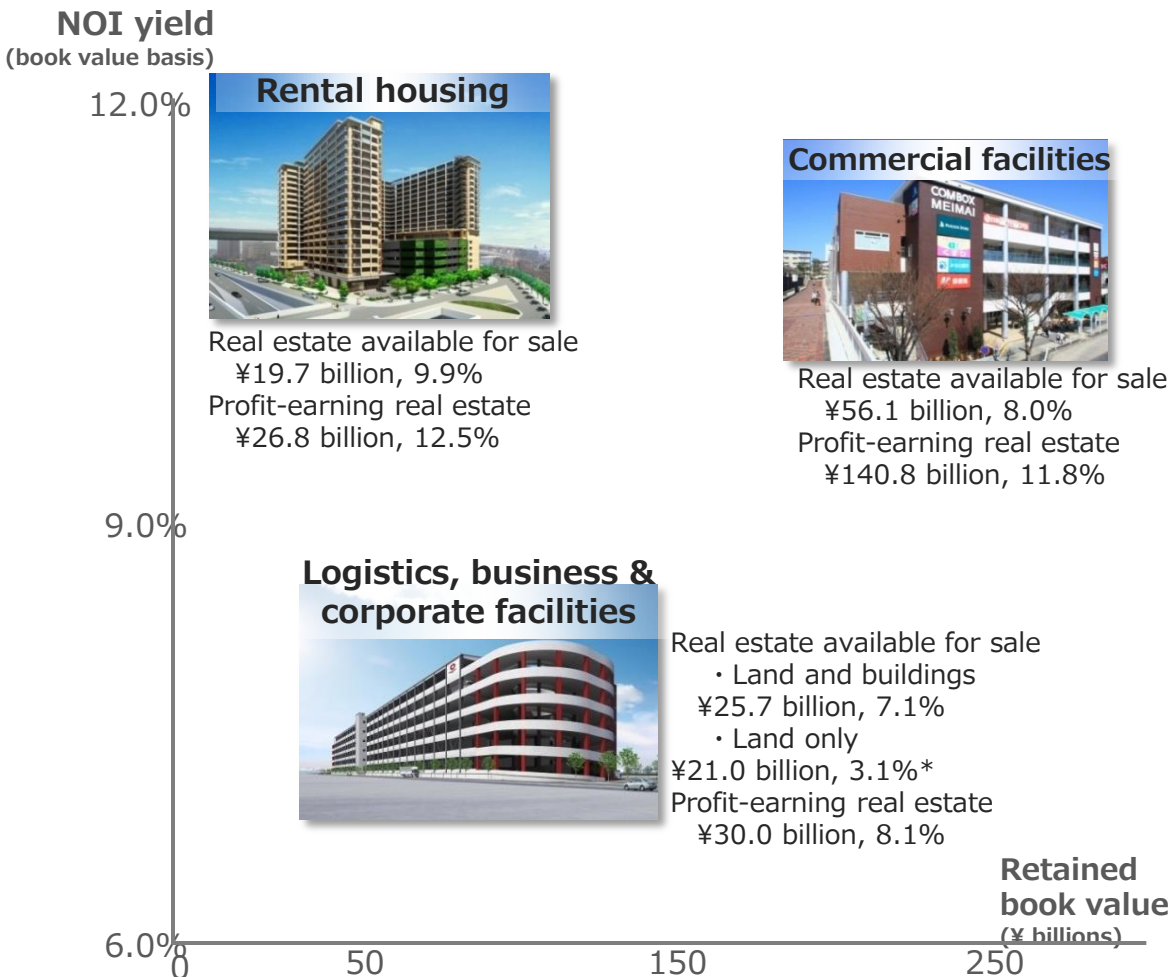


I. Increase Profits by Augmenting Value Chains for Each Core Business Domain

Invest over three years a record-high ¥400 billion in real estate development focusing on Rental Housing, Commercial Facilities, and Logistics, Business & Corporate Facilities

Real estate being rented (as of September 30, 2013)

Real Estate Development Investment Target



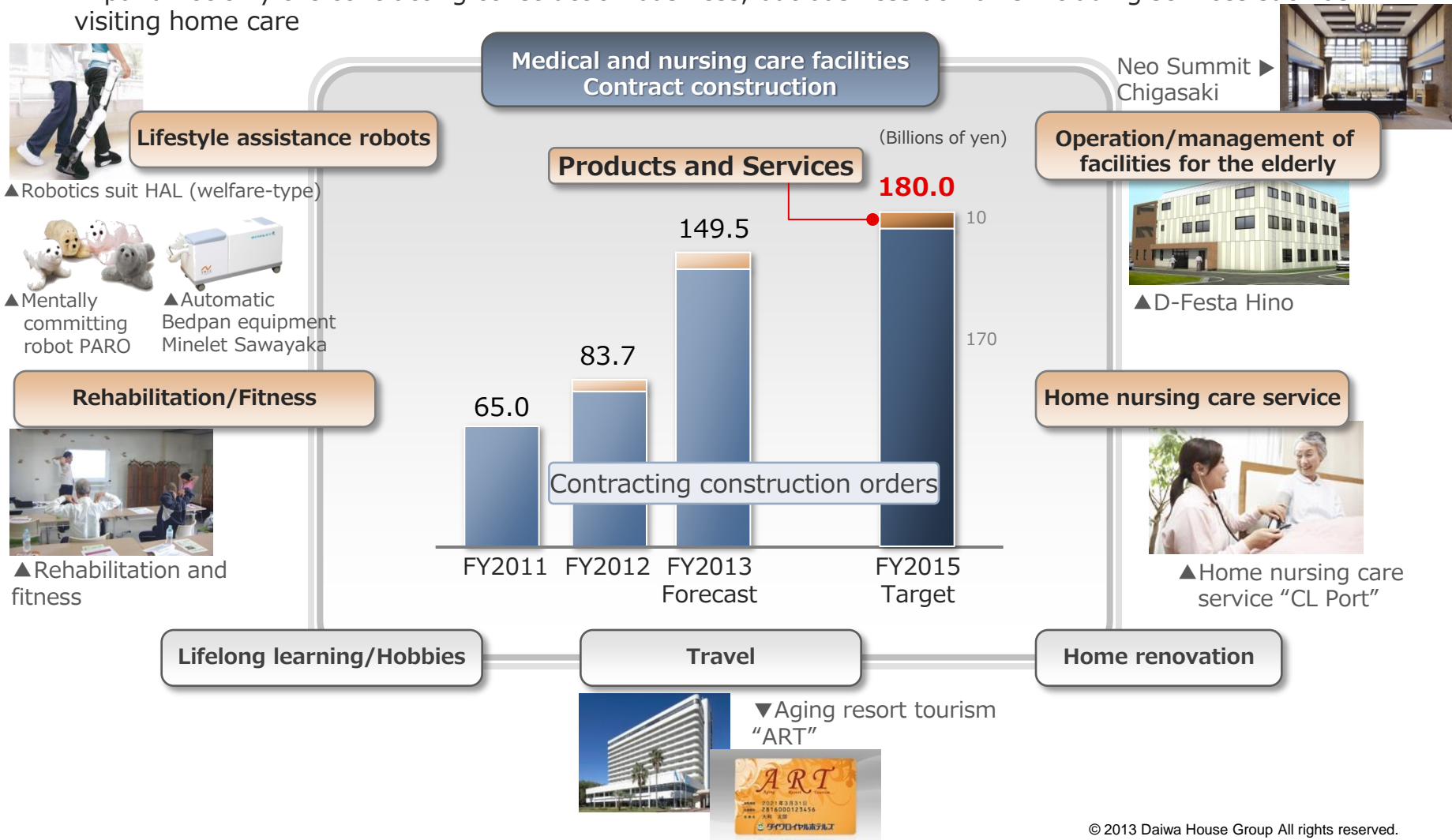
* The 3rd Medium-Term Management Plan is for two-years results

* Logistics, business & corporate facilities' real estate available for sale of "land only" has buildings off the balance sheets

II. Create stronger products and services that are compatible with changes in society such as aging population and rising safety and environmental consciousness

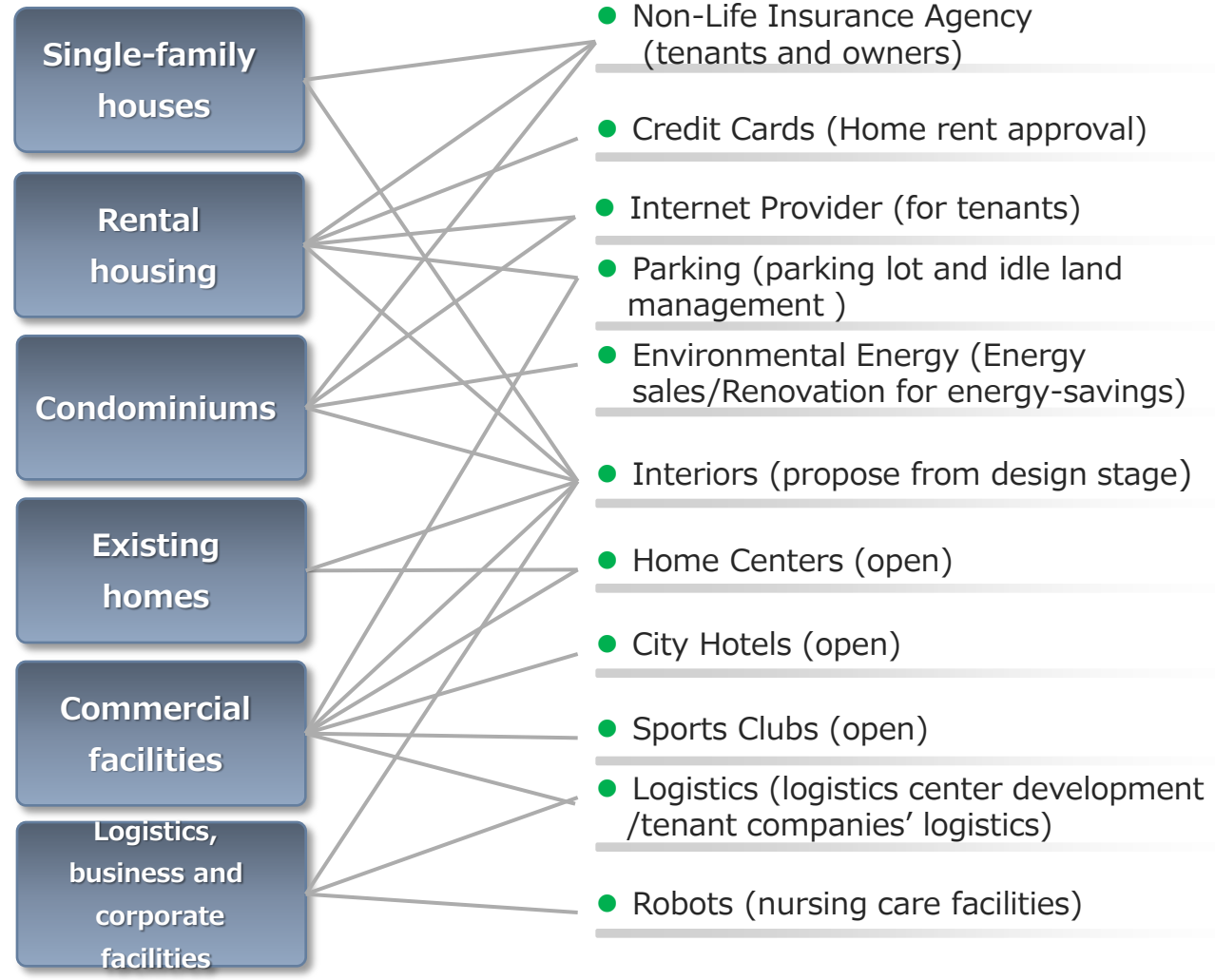
Develop businesses that deal with the elderly

- Aiming for ¥180.0 billion in Group sales in businesses that deal with the elderly by taking advantage of know-how established through the construction of 5,295 healthcare facilities and homes for the elderly
- Expand not only the contracting construction business, but business domains including services such as visiting home care



III. Expand Diversified Businesses through Stronger Collaboration between Core Businesses

Expand Diversified Businesses by using business (customer) resources and know-how developed in core businesses



Daiwa Insurance
大和ハウスフィナンシャル
Daiwa House Group

D.U-NET
Daiwa House Group

Daiyoshi Trust

Daiwa Energy **eneServe**
Daiwa House Group

Daiwa Rakuda

ロイヤルホームセンター
Daiwa House Group

ダイワファイアネットホテル
Daiwa House Group

SPORTS CLUB NAS
Daiwa House Group

Daiwa Logistics

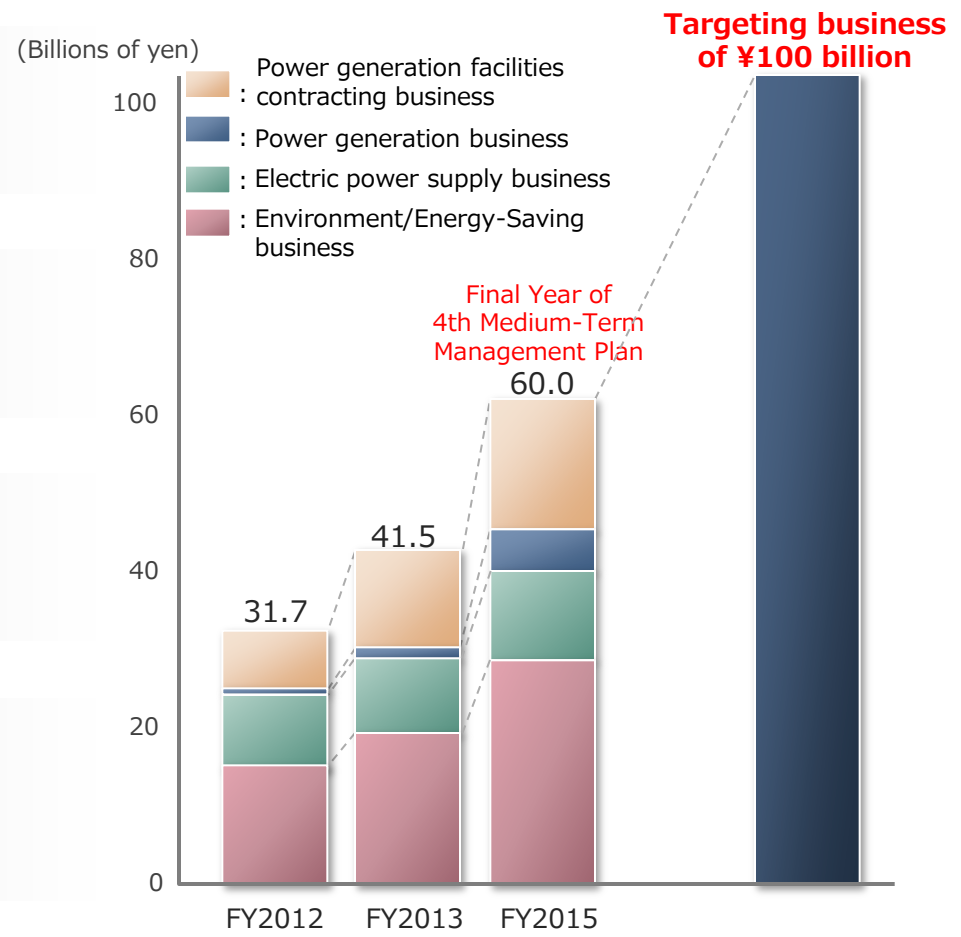
III. Greater Business Diversification through Stronger Collaboration between Core Businesses

Develop energy business

- Expand not only photovoltaic power generation plant contracting construction and operation and maintenance, but also the development and operation of our power generation sites
- Apply know-how developed in the energy business to building proposals for Logistics, Business & Corporate Facilities and Commercial Facilities businesses and mutually accelerate business

Future strategy

<p>Power generation facilities contracting business</p> <ul style="list-style-type: none"> ● photovoltaic power generation plants ● Mega solar 	<ul style="list-style-type: none"> ✓ Better proposals for mega solar business using our "one-stop" service advantage
<p>Power generation business</p> <ul style="list-style-type: none"> ● Independent Power Producer (IPP) → Solar and wind power ● Power plant operation and management (O&M) 	<ul style="list-style-type: none"> ✓ Study development of power sources other than solar, such as wind power, etc.
<p>Electric power supply Business</p> <ul style="list-style-type: none"> ● Power Producer Supplier (PPS) ● High voltage power access for condominiums 	<ul style="list-style-type: none"> ✓ Greater collaboration with electric power companies that have power reserves
<p>Environment/Energy-Saving businesses</p> <ul style="list-style-type: none"> ● Renovation for energy-savings ● Lithium-ion storage battery ● ESCO ● Greening of buildings 	<ul style="list-style-type: none"> ✓ Improve proposals to Group's existing customers



IV. Discover and Develop New Products and Services that Contribute to the Global Community

New

More aggressively develop new businesses and products that solve problems in the global community and improve life

1. Solutions for an aging population

Understand issues associated with an aging population, define as a business domain and commercialize.
(Ex) Products and services that reduce the nursing care burden

▼ Automatic Bedpan equipment Minelet Sawayaka



▲ Robotics suit HAL (welfare-type)



▲ POWER YIILE

2. Solutions for environmental and energy problems

Products and services that contribute to solving problems and improve life toward the achievement of an eco-friendly society through energy conservation

▼ Wall greening



▲ HEMS

3. Solutions for food, water, and air safety

Products and services that solve social problems of the future by applying existing solutions, cross-industry integration, new development, etc.

▼ EMISUI



▲ agri cube

V. Expand Overseas, Mainly in Emerging Countries

Maximize synergistic effects generated with Fujita Corporation and target ¥100 billion in overseas sales in FY2015 by expanding in China and ASEAN countries

Expand contracting construction business

In addition to condominium business and industrial park development projects, dramatically expand contracting construction business through Fujita

Upgrade overseas bases

At overseas bases, which have been upgraded and expanded thanks to synergies with Fujita, we will gather more wide-ranging business information and speed up business expansion

Focus broadly on Asia

Steadily respond to demand for factory equipment and logistics in the ASEAN region which is further advancing as it becomes increasingly borderless

Maximize customer advantages

Maximize customer advantages by helping to facilitate the customers' business by providing production, logistics, and lifeline infrastructure support for companies entering emerging markets



China

Wuxi Moonlit Garden, Wuxi

Overview Sales starts: November 2013
Site area: approx. 81,751m²
Residential Facilities: 295
Town houses: 141



ASEAN

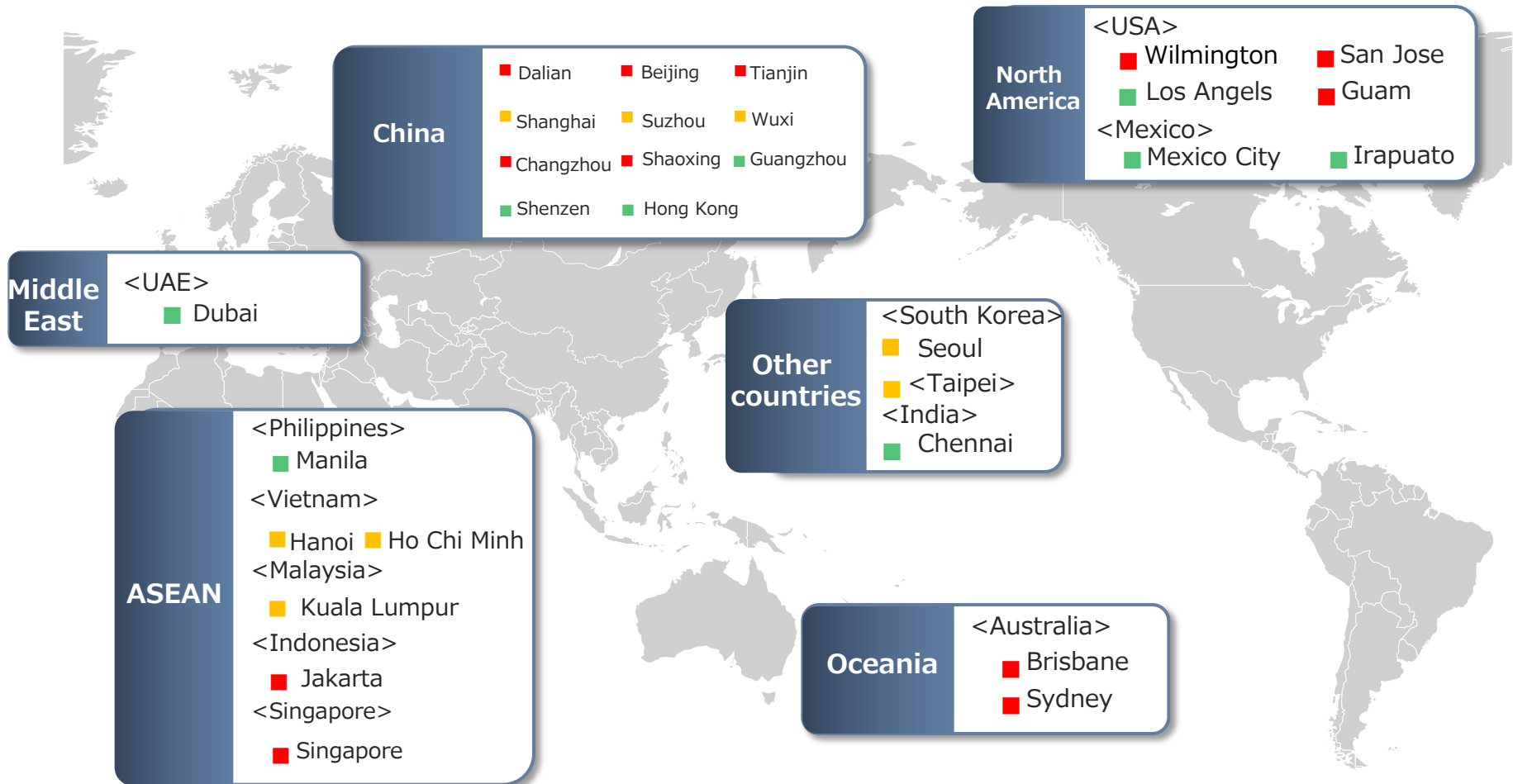
Vietnam Long Duc Industrial Park

Overview Current status: Construction of buildings to commence as needed
Total development area: approx. 270ha (Subdivision area: 187 ha)
Facility: Rental factories

V. Expand Overseas, Mainly in Emerging Markets

Expanding business in 29 cities in 12 countries and 1 region

- Daiwa House Group (other than Fujita Corp.) bases
- Fujita bases
- Both Daiwa House Group and Fujita Corp. bases



VI. Promote Efficiency by Redeveloping Production, Distribution, and Procurement Capabilities

Review product development, design, production, procurement, logistics, and all construction monozukuri capabilities, and lower costs by ¥10 billion in housing-related businesses

- (1) Aggressively invest in automation by centralizing production, leveling, and reducing the variety of goods produced and procured
- (2) Strengthen system of integrated design, production, logistics, and construction through leveling, and raise productivity
- (3) Reduce construction site work load by shifting it to the factory, and continuously strengthen construction system
- (4) Lower delivery costs by building distribution network

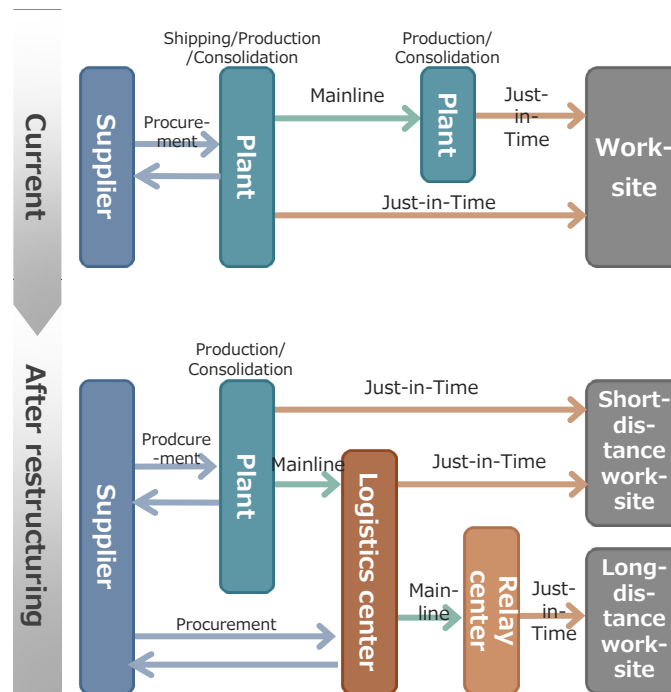
New building (Nara Plant)



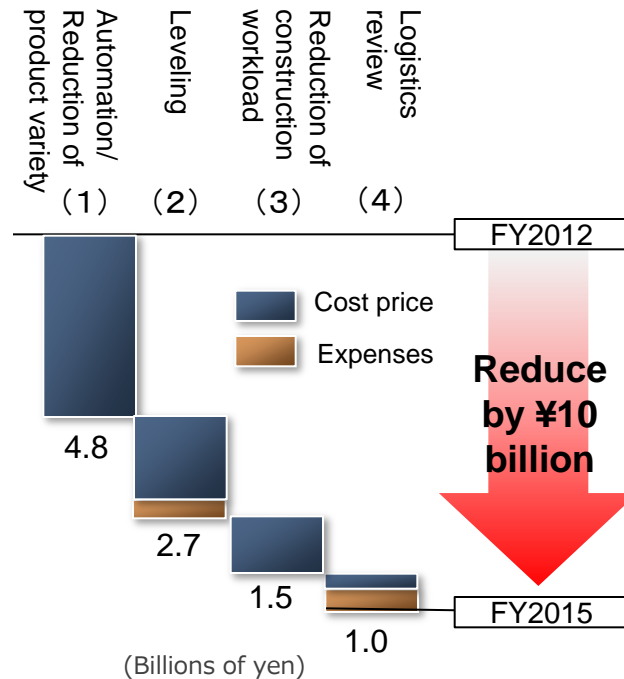
Automated line



Diagram of improved logistics system



Monozukuri cost reduction plan (housing-related businesses)



VII. Strengthen Systems and Human Resource Development associated with Business Expansion

Strengthen systems by both securing and developing human resources

Secure human resources (Strengthen employee systems)

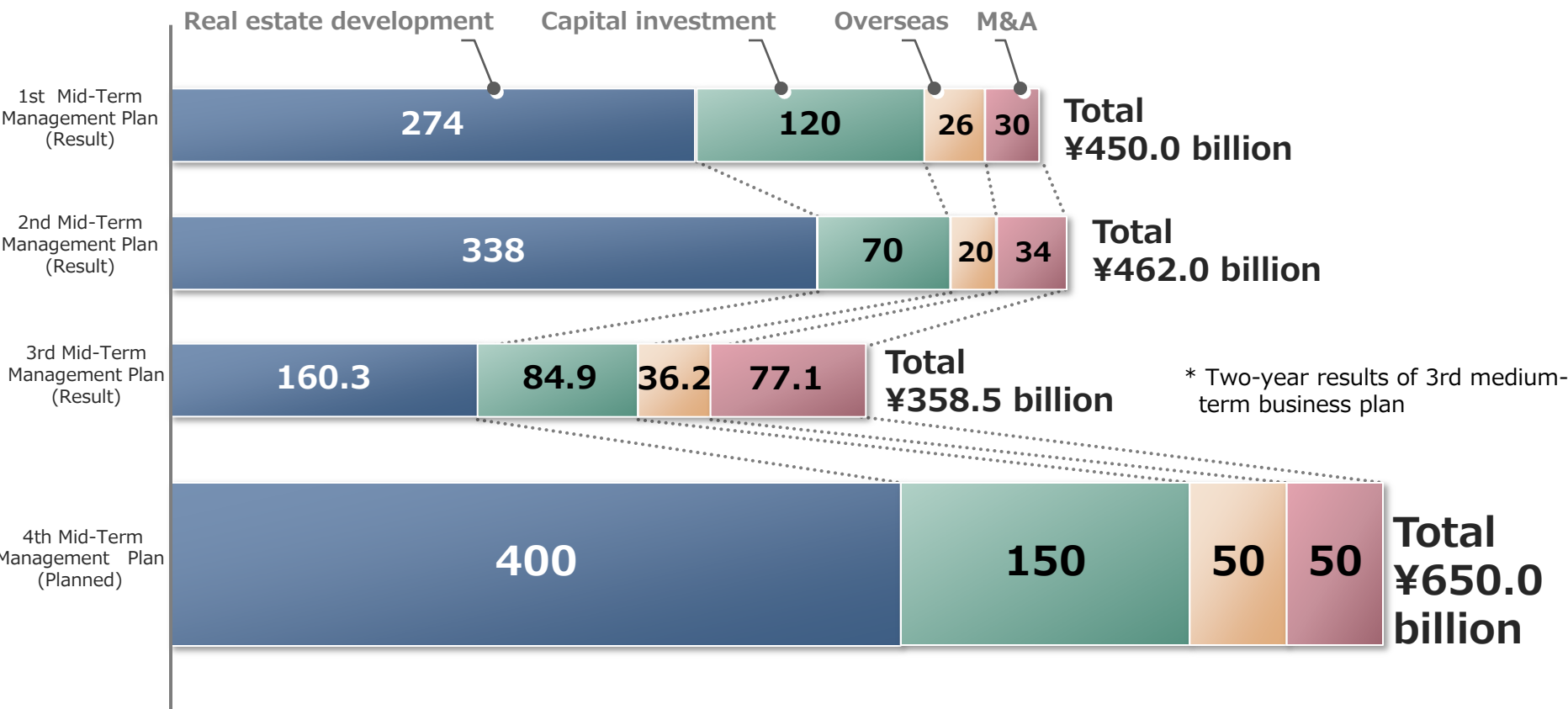
- Hire wide-range of human resources using flexible personnel system
- Ensure construction work capability by increasing the number of construction operators
- Actively recruit local overseas personnel
- Review and then introduce system that utilizes personnel 61 years and older

Develop human resources

- Continuously develop managers
- Develop leaders capable of handling global business
- Strengthen development of local overseas personnel
- Develop multi-technical personnel
- Develop and strengthen female managers

Planned Investment

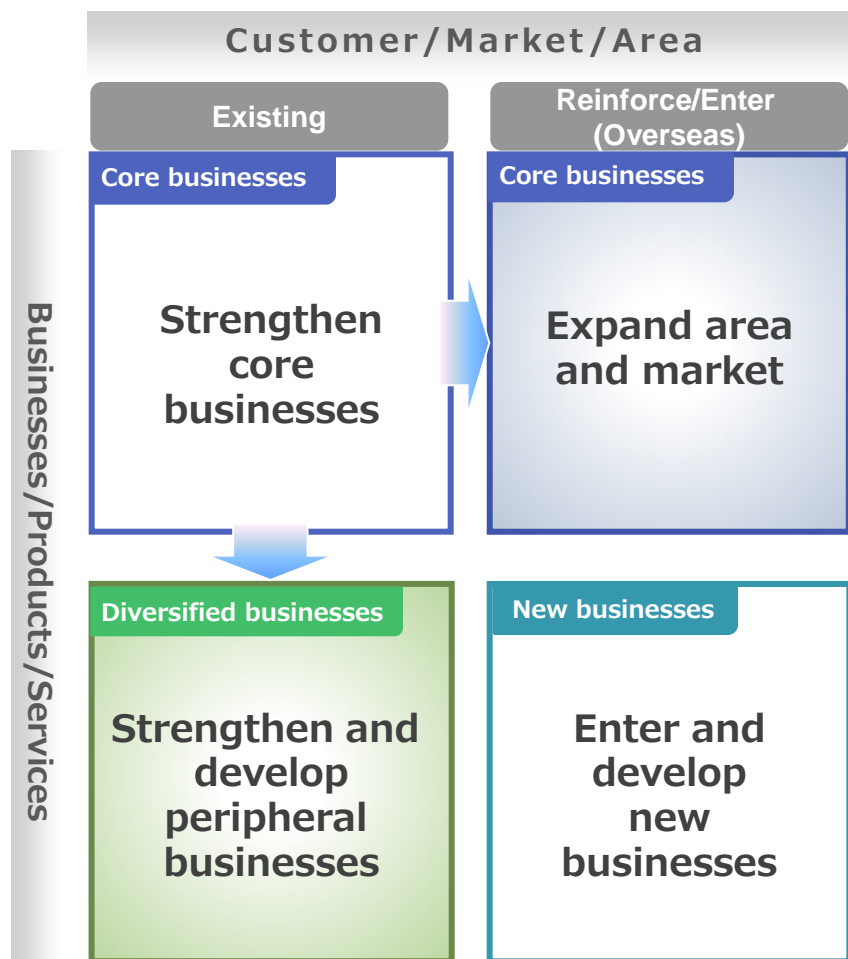
Invest a total of ¥650 billion not only in real estate development, but also to achieve our growth strategy and a stronger management foundation.



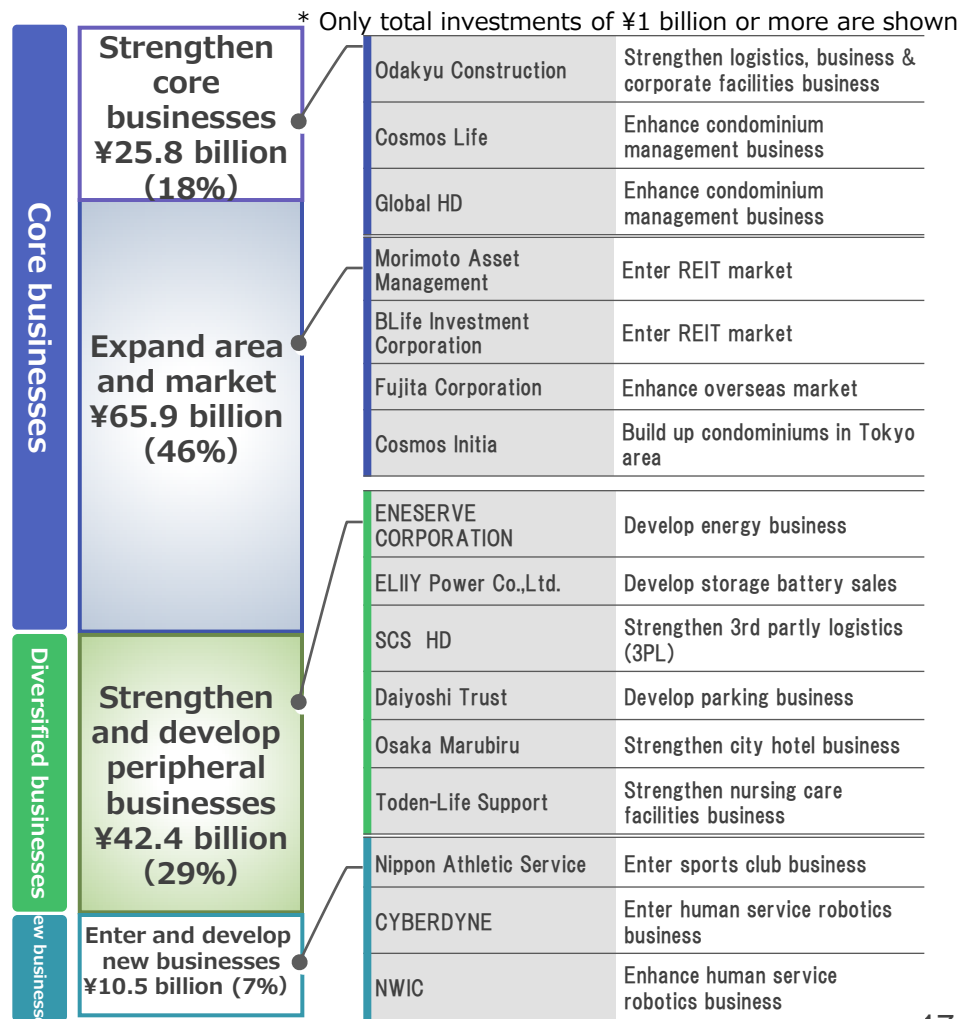
M&A (Investment) Policy

Aggressively conduct M&A with the goal of expanding core business areas and markets and develop peripheral businesses for existing customers

M&A/Investment Goals (Approach)



Investment Results by M&A/Investment Goal (Since 2004)



Business Forecast by Segment

Segment	Sales (¥billion)				Operating income (¥billion)			
	FY2012	4th Medium-Term Management Plan			FY2012	4th Medium-Term Management Plan		
		FY2013	FY2015	CAGR 2012-2015		FY2013	FY2015	CAGR 2012-2015
Single-family houses	351.1	380.0	385.0	3.1%	12.5	15.0	18.0	12.7%
Rental housing	592.5	674.0	800.0	10.5%	52.2	62.0	72.0	11.3%
Condominiums	156.7	220.0	230.0	13.6%	9.9	9.0	10.0	0.1%
Existing home business	76.4	85.5	95.0	7.5%	6.1	8.0	9.0	13.6%
Commercial facilities	347.2	400.0	425.0	7.0%	45.9	55.0	60.0	9.3%
Logistics, business and corporate facilities	251.4	5,260.0 ^{※2}	600.0	33.6%	20.6	21.5	25.0	6.5%
Health & leisure	61.4	64.0	66.0	2.4%	(0.2)	0.5	0.7	-
Other businesses	275.1	317.0	329.0	6.1%	9.8	12.0	14.3	13.3%
Adjustment	(104.2)	(116.5)	(130.0)	-	(29.1)	(33.0)	(39.0)	-
Total	2,007.9	2,550.0	2800.0	11.7%	128.0	150.0	170.0	9.9%

*1. The 4th Medium-Term Management Plan targets consolidated operating income of ¥480 billion over a cumulative three-year period

*2. Sales growth for Logistics, Business & Corporate Facilities in fiscal 2013 will depend on Fujita Corporation's entry into the Daiwa House Group

Strategies for Each Core Business

Single-family houses



(Billions of yen)	FY2012	FY2015
Sales (CAGR)	351.1	385 (3.1%)
Operating income (CAGR)	12.5	18 (12.7%)

Key measures

- Introduce new construction system and new products for greater safety and security
- Promote smart city development
- Innovate proposal process
- Redevelop Monozukuri capabilities

Rental housing



(Billions of yen)	FY2012	FY2015
Sales (CAGR)	592.5	800 (10.5%)
Operating income (CAGR)	52.2	72 (11.3%)

Key measures

- Enhance sales system in Tokyo area
- Expand sales of rental housing to women
- Expand contract work and development of mid-to-high rise properties
- Strengthen tenant services

Condominiums



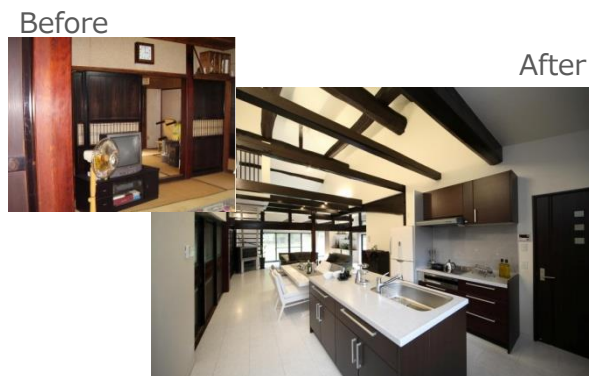
(Billions of yen)	FY2012	FY2015
Sales (CAGR)	156.7	230 (13.6%)
Operating income (CAGR)	9.9	10 (0.1%)

Key measures

- Strengthen urban area sales by making Cosmos Initia a Group company
- Step up redevelopment and multi-use development in major regional cities
- Increase properties under management through greater condominium replacement

Strategies for Each Core Business

Existing home business



(Billions of yen)	FY2012	FY2015
Sales (CAGR)	76.4	95 (7.5%)
Operating income (CAGR)	6.1	9 (13.6%)

Key measures

- Improve proposal to Daiwa House home owners of more than 20 years
- Raise proposal quality through reliable inspection
- Strengthen general market sales channels

Commercial facilities



(Billions of yen)	FY2012	FY2015
Sales (CAGR)	347.2	425 (7.0%)
Operating income (CAGR)	45.9	60 (9.3%)

Key measures

- Strengthen proposals to existing owners and major tenant companies
- Strengthen operations in renewal of contracts
- Enhance real estate development and stock business

Logistics, business and corporate facilities



(Billions of yen)	FY2012	FY2015
Sales (CAGR)	251.4	600 (33.6%)
Operating income (CAGR)	20.6	25 (6.5%)

Key measures

- In addition to BTS-type, actively develop multi-tenant-type logistics facilities
- Strengthen reconstruction contracting work for hospitals using fund
- Strengthen proposals for food facilities compliant with Fssc22000



Daiwa House®
Group

4th Medium-Term Management Plan

(Fiscal 2013 – Fiscal 2015)

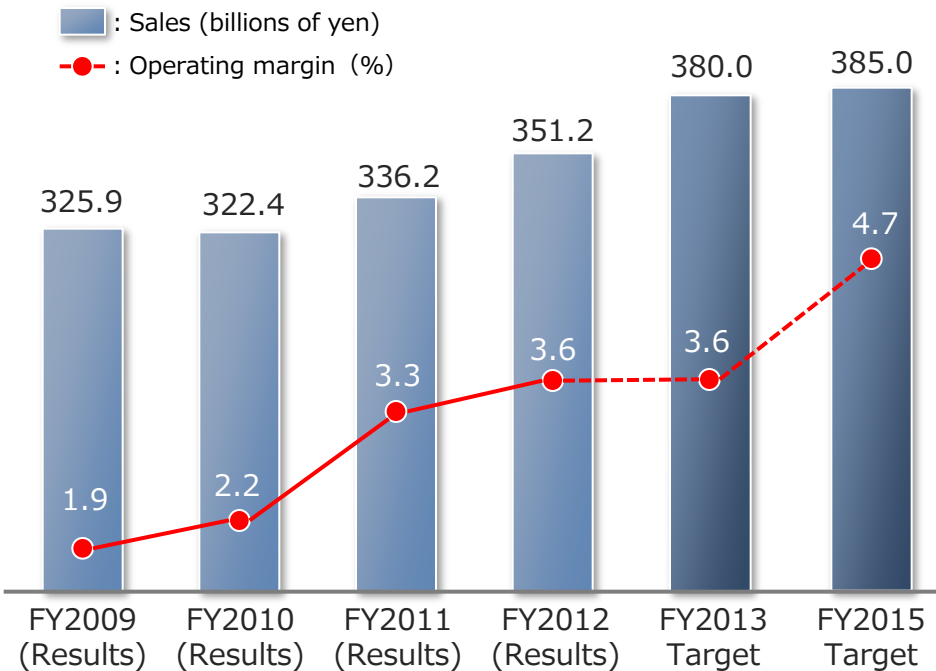
Core Business Strategy

Single-Family Houses Business Domain Strategy

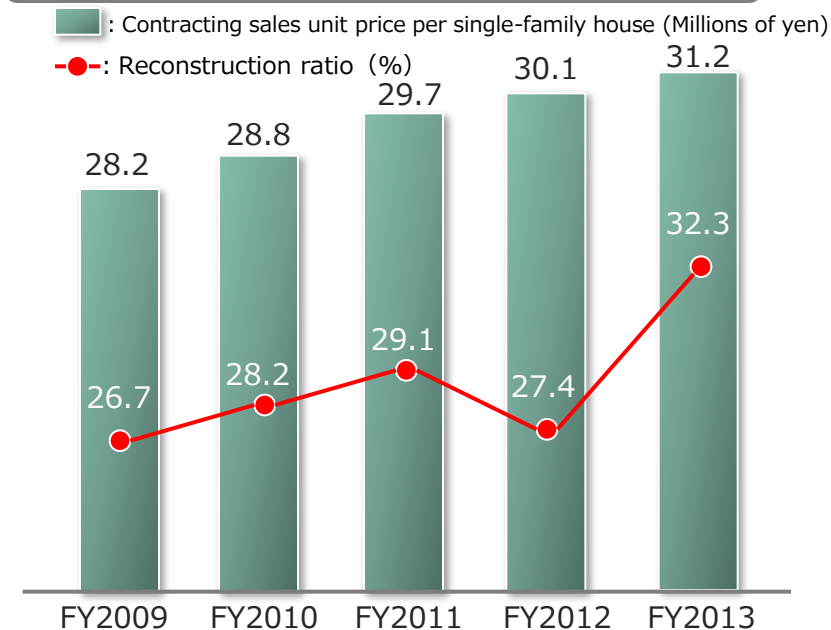
Aim for high profitability through new product launches and supply chain improvements

- Develop and market competitive new products using new construction system for additional safety and comfort.
- Establish community-based system by building a new hands-on experience hall, reinforcing Machinaka-xevo, and augmenting Team xevo. We also innovate the proposal process and raise the quality and efficiency of sales and design work.
- Pursue development of smart cities "SMA x ECO CITY" and "SMA x ECO TOWN", in which all homes are equipped with photovoltaic power generation system, lithium ion storage batteries, and Home Energy Management Systems (HEMS)
- Reduce costs by redeveloping momonozukuri capabilities

Sales and Earning Power Growth



Sales Unit Price per Single-Family House and Reconstruction Ratio



※Machinaka-xevo – Neighborhood open house that enables visitors to experience actual living conditions

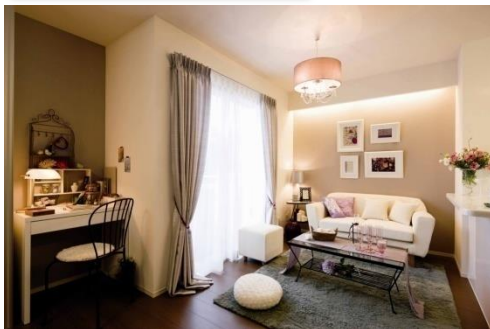
※Team xevo – System whereby specialized staff from various fields including sales people, designers, construction engineers, and interior decorators form a team and make presentations

Rental Housing Business Domain Strategy

Upgrade and expand sales bases and seek to further expand business scale by improving hard (buildings) and soft (management) presentation capabilities

- Expand from 124 sales bases (as of March 31, 2013) to 160 and increase sales staff in urban areas
- Expand sales of rental housing built for women who tend to care more about security, beauty, storage and design
- Expand contracting business of medium-to-high-rise properties and aggressively develop and construct for real estate securitization
- Stabilize and expand business based on stronger tenant services, for example, extend the Internet provider business, provide a website exclusively for tenants, and others

Rental housing for women



▲ Séjour OTT's-SW

Medium-to-high-rise properties

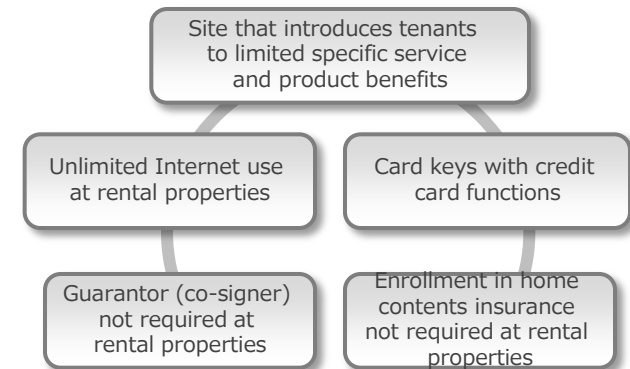
(Royal Parks ER Sasashima)



-Overview-

Location	Aichi pref.	Structure/floors	RCS/ 19 stories above ground
Total floor area	46067.92㎡	Scheduled Completion	March 2015
Main purpose	Residential area: 442, nursing care: 66, day care services, nursery, CVS, group homes		

Various tenant services



Lower vacancy rate and raise owner satisfaction
Enhance D-room brand

Condominiums Business Domain Strategy

Promote further collaboration between Group companies and raise market presence in terms of both business scale and brand

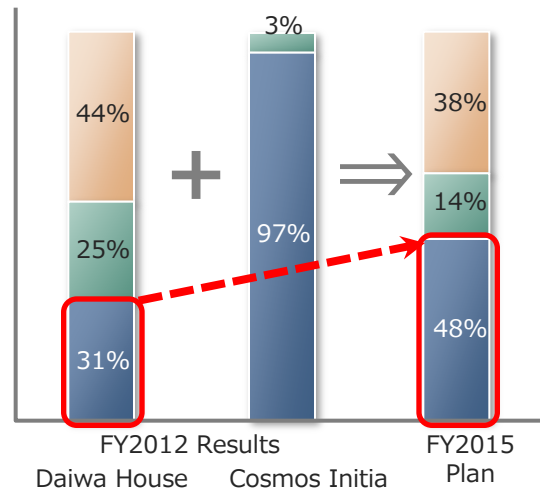
- Strengthen sales in urban areas by making Cosmos Initia a Group company and step up redevelopment and multi-use development in major regional cities
- The condominium management business will, in addition to new construction, strengthen sales of new condominiums (replacement) and thereby promote further growth

Property provided jointly by Daiwa House and Cosmos Initia
Oak Place Toyosu



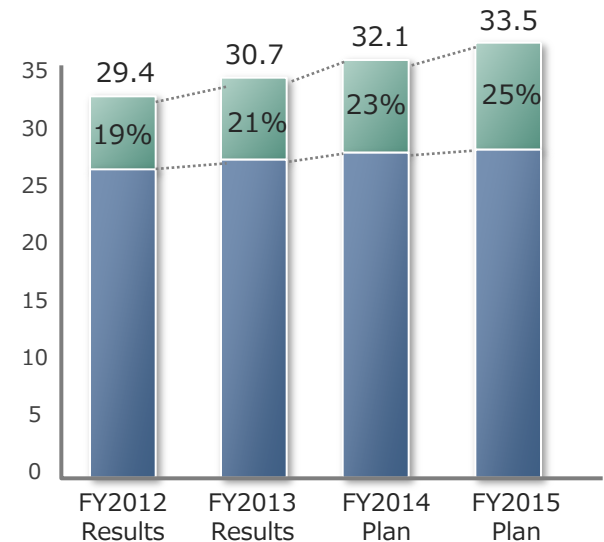
Condominium plan by area

- Other
- Kinki Region
- Tokyo Area



Number of condominiums under management (planned)

- Replacement (10,000 condos)
- New construction (10,000 condos)



Existing Home Business Domain Strategy

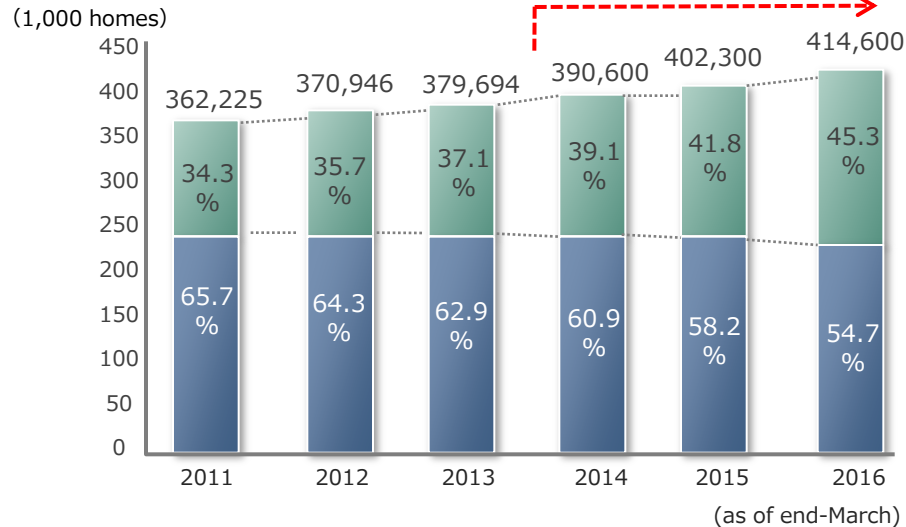
Increase home renovation orders from both Daiwa House home owners and the general market by winning their trust based on providing reliable inspection (building inspection) technology

- Expand orders by building stronger relationships with Daiwa House home owners of more than 20 years
- Raise quality of home renovation proposals through inspections using advanced equipment
- Strengthen sales channels in general market through collaboration across the Group
 - Used home renovation performed by Daiwa House when Nihon Jyutaku Ryutu rents or sells a used home
 - Set up customer counters in stores (Royal Home Center)

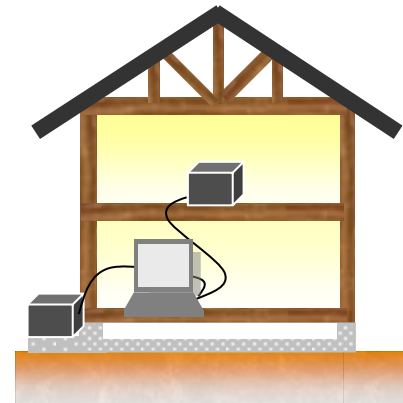
Number of Daiwa House home owners with whom relationships can be formed

- : More than 20 years (1,000 homes)
- : Less than 20 years (1,000 homes)

Forecast



Advanced inspection tools



▲ Simple diagnosis of seismic capacity "Anshin Reform Navigation"



▲ Roof diagnostics "Takamikun"



▲ Under-floor inspection robot "Moogle"

Commercial Facilities Business Domain Strategy

Reliably address the store opening needs of tenant companies and aggressively develop and manage commercial facilities with a focus on exit strategy such as a sell-off

- Build stronger long-term relationships with existing owners and major tenant companies and expand orders with well-developed land proposals
- Enhance proposals for renovation of properties of which the contract has expired
- Strengthen stock business by actively developing commercial facilities and promoting high occupancy rates and community-based operation of facilities leveraging broad networks with tenant companies

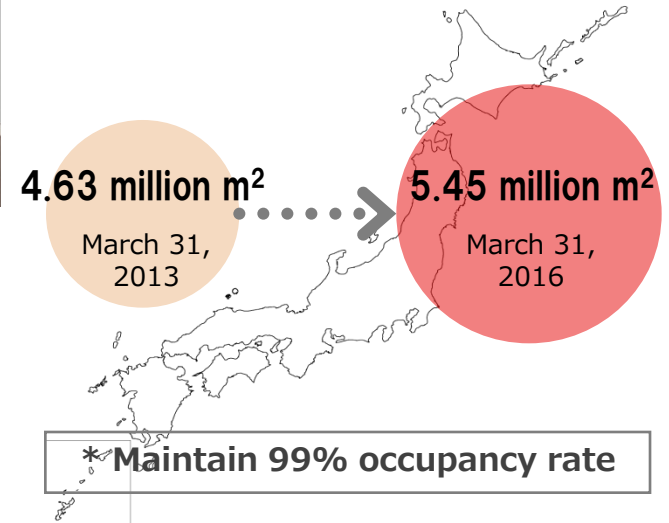
COMBOX Meimai (opened March 2013)



Roadside store



Rentable space



Logistics, Business and Corporate Facilities Business Domain

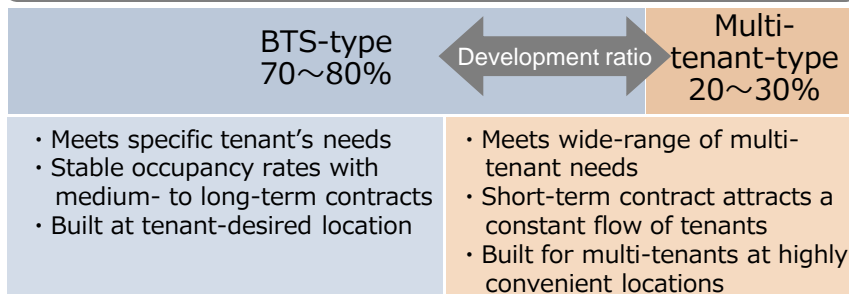
Apply scheme specific to business expertise and, while expanding construction contracting, increase investments in real estate development such as logistics facilities

- In addition to BTS-type logistics facilities that we have been focusing on, actively develop multi-tenant-type facilities
- Expand contracting work including new construction and reconstruction by establishing and using a financing procurement fund dedicated to hospital facilities
- Increase orders by enhancing proposals for food facilities that comply with Fssc22000*2

*1 : BTS (Build to Suit)-type logistics facilities: Special-purpose logistics facilities that meet the siting location and facility needs of specific companies

*2 : Fssc22000: An international standard for food safety management systems (an authorized standard instituted by the Global Food Safety Initiative (GFSI))

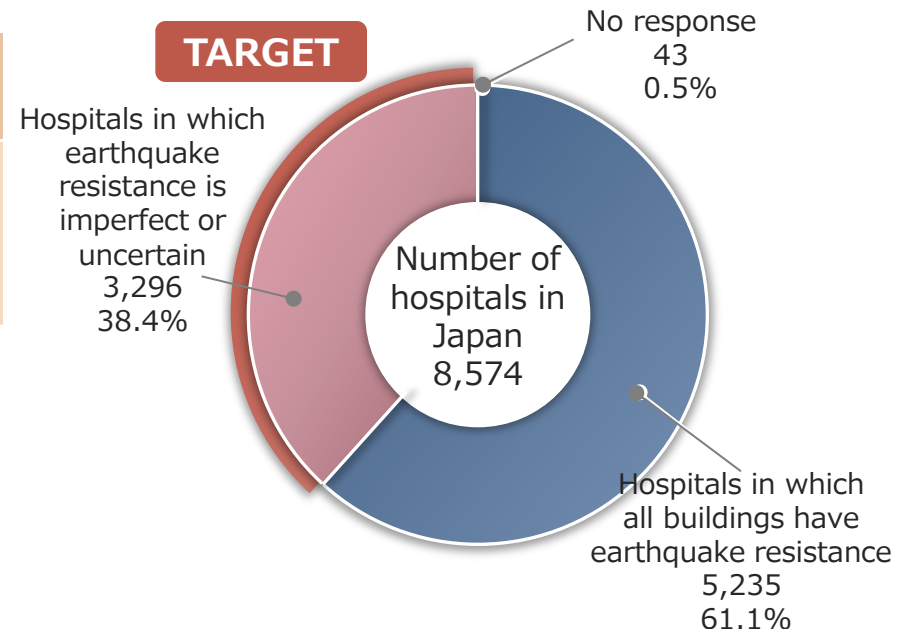
Development of BTS- and Multi-tenant-type Logistics Facilities



▲D Project Takashimadaira



Hospital Reconstruction Market



※ Preliminary calculation by Daiwa House based on the Ministry of Health, Labour and Welfare's "Survey Results on the State of Earthquake Retrofitting of Hospitals (2012)"



Disclaimer regarding business forecasts, etc.

(Notes regarding forward-looking statements)

The above business forecasts are based on information available as of the date of announcement of this material, and are subject to factors of uncertainty that may possibly impact the future results of operations and are not a guarantee of the achievement of those results. The Company's actual results may differ significantly from those presented herein as a consequence of numerous factors such as financial market trends, economic conditions, competitor situations and fluctuations in land prices.

(Notes regarding business in China)

These materials reflect the situation as of the time of writing at the end of September 2013. The Group's businesses and plans contained herein, may subsequently be revised in the light of changes in circumstances, including the enactment by the People's Republic of China or by other countries of laws and regulations relating to urban real estate development.

(Notes regarding numerical values)

Management figures contained in these materials, unless otherwise specified, relate to the situation as of the end of September 2013.